

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE
SIX MONTH-PERIOD ENDED
JUNE 30, 2017
TOGETHER WITH THE REVIEW REPORT

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
June 30, 2017

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Review Report

AM/81661

To the Chairman and Members of the Board of Directors
Cairo Amman Bank
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Cairo Amman Bank (A Public Shareholding Limited Company) as of June 30, 2017, and the related condensed consolidated interim statements of income, comprehensive income, changes in owners' equity and cash flows for the six month-period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard IAS (34) relating to Interim Financial Reporting. Our responsibility is to express conclusion on these condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagement 2410 "Review on Interim Financial Information performed by an Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material aspects, in accordance with International Accounting Standards IAS (34) relating to interim financial reporting.

Explanatory Paragraph

The fiscal year of the bank ends on December 31st of each year. However, the accompanying condensed consolidated interim financial statements have been prepared for management, Jordan Securities Commission in Amman Stock Exchange, the companies control department and the Central Bank of Jordan purposes only.

Other Matter

The accompanying condensed consolidated interim financial statements are a translation of the statutory condensed consolidated interim financial statements in the Arabic language to which reference is to be made.

Amman – The Hashemite Kingdom of Jordan
July 30, 2017


Deloitte & Touche (M.E.) – Jordan



CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Notes	June 30, 2017 (Reviewed not Audited) JD	December 31, 2016 JD
ASSETS			
Cash and balances with Central Banks	4	450,857,692	225,410,667
Balances at banks and financial institutions	5	283,799,788	333,854,252
Deposits at banks and financial institutions	6	63,272,914	73,543,068
Financial assets at fair value through profit or loss	7	25,601,528	25,822,584
Financial assets at fair value through other comprehensive income	8	32,207,468	31,502,293
Direct credit facilities - net	9	1,446,866,198	1,356,279,148
Financial assets at amortized cost - net	10	293,166,401	336,223,295
Financial assets pledged as collateral		9,336,000	13,476,000
Property and equipment - net		42,259,894	42,335,356
Intangible assets - net		9,635,155	10,046,891
Deferred tax assets		5,924,864	6,270,359
Other assets	11	48,658,617	36,419,320
Total Assets		2,711,586,519	2,491,183,233
LIABILITIES AND EQUITY			
LIABILITIES:			
Banks and financial institutions' deposits		480,484,104	358,957,094
Customers' deposits	12	1,673,306,956	1,547,446,248
Margin accounts		48,092,008	81,476,847
Loans and borrowings	13	102,601,571	92,165,097
Sundry provisions		16,466,773	15,000,573
Income tax liabilities	14	12,619,592	20,892,898
Deferred tax liabilities		1,017,422	2,049,782
Other liabilities	15	46,707,879	35,884,682
Total Liabilities		2,381,296,305	2,153,873,221
EQUITY			
BANKS'S SHAREHOLDERS' EQUITY			
Paid in capital		180,000,000	180,000,000
Statutory reserve		65,836,075	65,836,075
General banking risk reserve		15,493,955	13,982,002
Cyclical fluctuations reserve		6,816,916	6,816,916
Fair value reserve (net)	16	(9,693,091)	(10,347,484)
Profit for the period		12,631,018	-
Retained Earnings	17	48,564,445	70,184,530
Total Bank's Shareholders' Equity		319,649,318	326,472,039
Non-controlling interests		10,640,896	10,837,973
Total Equity		330,290,214	337,310,012
Total Liabilities and Equity		2,711,586,519	2,491,183,233

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME
(REVIEWED NOT AUDITED)

	Notes	For the Three-Month Period Ended June 30,		For the Six-Month Period Ended June 30,	
		2017	2016	2017	2016
		JD	JD	JD	JD
Interest income	18	32,266,571	31,406,207	63,961,954	65,159,492
Interest expense	19	9,752,416	7,849,859	19,490,744	17,065,405
Net interest income		<u>22,514,155</u>	<u>23,556,348</u>	<u>44,471,210</u>	<u>48,103,087</u>
Net commission income		5,052,828	4,931,813	10,035,123	10,206,789
Net interest and commission income		<u>27,566,983</u>	<u>28,488,161</u>	<u>54,506,333</u>	<u>58,309,876</u>
Gain from foreign currencies		751,512	1,024,354	1,682,739	1,826,379
Gain (loss) from financial assets at fair value through profit or loss	20	1,833	(743,608)	775,006	(765,823)
Dividends from financial assets at fair value through other comprehensive income		1,065,352	419,106	1,110,452	1,116,911
Other income		1,933,667	1,876,631	3,781,869	4,018,565
Gross profit		<u>31,319,347</u>	<u>31,064,644</u>	<u>61,856,399</u>	<u>64,505,908</u>
Employees' expenses		9,989,851	9,559,758	20,066,161	19,405,335
Depreciation and amortization		2,205,823	1,971,555	4,410,485	3,889,827
Other expenses		7,017,473	6,291,613	14,146,177	12,337,169
Provision for impairment on direct credit facilities	9	1,139,490	113,459	1,889,490	1,613,459
Sundry provisions		771,105	224,806	1,861,586	651,203
Total expenses		<u>21,123,742</u>	<u>18,161,191</u>	<u>42,373,899</u>	<u>37,906,993</u>
Profit for the period before tax		<u>10,195,605</u>	<u>12,903,453</u>	<u>19,482,500</u>	<u>26,598,915</u>
Income tax expense	14	2,799,006	3,476,514	5,536,606	8,129,820
Profit for the period		<u>7,396,599</u>	<u>9,426,939</u>	<u>13,945,894</u>	<u>18,469,095</u>
Profit for the period					
Bank's Shareholders' Equity		7,479,520	9,426,939	14,142,971	18,469,095
Non-controlling interests		(82,921)	-	(197,077)	-
Profit for the period		<u>7,396,599</u>	<u>9,426,939</u>	<u>13,945,894</u>	<u>18,469,095</u>
		<u>JD / Fils</u>	<u>JD / Fils</u>	<u>JD / Fils</u>	<u>JD / Fils</u>
Basic and diluted earnings per share (Bank's Shareholders)	21	<u>0/042</u>	<u>0/052</u>	<u>0/079</u>	<u>0/103</u>

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CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	For the Three-Month Period Ended June 30,		For the Six-Month Period Ended June 30,	
	2017	2016	2017	2016
	JD	JD	JD	JD
Profit for the period	7,396,599	9,426,939	13,945,894	18,469,095
Other comprehensive income items which will not be reclassified to profit or loss in subsequent periods (net of tax):				
Net change in fair value reserve	440,960	(255,573)	654,393	581,472
Total comprehensive income for the period	<u>7,837,559</u>	<u>9,171,366</u>	<u>14,600,287</u>	<u>19,050,567</u>
Total comprehensive income attributable to:				
Bank's Shareholders' Equity	7,920,480	9,171,366	14,797,364	19,050,567
Non-controlling interests	(82,921)	-	(197,077)	-
Total comprehensive income for the period	<u>7,837,559</u>	<u>9,171,366</u>	<u>14,600,287</u>	<u>19,050,567</u>

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CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
(REVIEWED NOT AUDITED)

	Reserves										Total Equity											
	Paid in capital		Statutory		General Banking Risk		Cyclical Fluctuations		Fair Value			Retained Earnings		Profit for the Period		Total Bank's Shareholder's Equity		Non-Controlling Interests				
	JD		JD		JD		JD		JD			JD		JD		JD		JD				
June 30, 2017	180,000,000		65,836,075		13,982,002		6,816,916		(10,347,484)		70,184,530		-		14,142,971		326,472,039		10,837,973		337,310,012	
Balance as of January 1, 2017																						
Total comprehensive income for the period	-		-		-		-		654,393		-		14,142,971		-		14,797,364		(197,077)		14,600,287	
Transfers to reserves	-		-		1,511,953		-		-		-		(1,511,953)		-		-		-		-	
Capital increase related expenses	-		-		-		-		-		(20,085)		-		-		(20,085)		-		(20,085)	
Gain from sale of financial assets at fair value through other comprehensive income	-		-		-		-		-		-		-		-		-		-		-	
Dividends Distributed **	-		-		-		-		-		(21,600,000)		-		-		(21,600,000)		-		(21,600,000)	
Balance as of June 30, 2017	180,000,000		65,836,075		15,493,955		6,816,916		(9,693,091)		48,564,445		12,631,018		10,640,896		319,649,318		10,640,896		330,290,214	
June 30, 2016	160,000,000		60,988,222		12,670,000		5,902,049		(6,917,105)		74,934,813		-		18,469,095		307,577,979		-		307,577,979	
Balance as of January 1, 2016																						
Total comprehensive income for the period	-		-		-		-		581,472		-		18,469,095		(750,000)		19,050,567		-		19,050,567	
Transfer to reserves	-		-		750,000		-		-		-		-		-		-		-		-	
Increase in Paid-in Capital	20,000,000		-		-		-		-		(20,000,000)		-		-		-		-		-	
Capital increase related expenses	-		-		-		-		-		(150,146)		-		-		(150,146)		-		(150,146)	
Gain from sale of financial assets at fair value through other comprehensive income	-		-		-		-		(3,380,236)		3,380,236		-		-		-		-		-	
Dividends Distributed **	-		-		-		-		-		(16,000,000)		-		-		(16,000,000)		-		(16,000,000)	
Balance as of June 30, 2016	180,000,000		60,988,222		13,420,000		5,902,049		(9,715,869)		42,164,903		17,719,095		17,719,095		310,478,400		-		310,478,400	

* The general banking risk reserve and revaluation reserve of financial assets is restricted from use without a prior approval from the Central Bank of Jordan.
** As per the Ordinary General Assembly Meeting held on April 27, 2017, it was decided to distribute 12% of the Bank's capital in cash to the shareholders, equivalent to JD 21,600,000 (Against 10% of the Bank's capital in cash to shareholders, equivalent to JD 16,000,000 that was decided in the ordinary General Assembly meeting held on April 17, 2016)

- The retained earnings balance as of June 30, 2017 includes a restricted amount of JD 5,097,980 which resulted from the effect of the early implementation of IFRS (9).
- The retained earnings include deferred tax assets amounting to JD 5,924,864 and is restricted from use as per the Central Bank of Jordan instructions.
- The negative fair value reserve which amounts to JD (9,693,091) cannot be utilized as per the Central Bank of Jordan and the Securities Commission instructions.

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CAIRO AMMAN BANK
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AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Notes	For the Six-Month Period Ended June 30,	
		2017 JD	2016 JD
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit for the period before income tax		19,482,500	26,598,915
Adjustments for:			
Depreciation and amortization		4,410,485	3,899,827
Provision for impairment on direct credit facilities		1,889,490	1,613,459
Sundry provisions		1,861,586	651,203
Unrealized Loss from financial assets at fair value through profit or loss	20	1,089,160	2,567,232
Loss (Gain) from sale of property and equipment		2,101	(5,098)
(Gain) from sale of repossessed assets		(98,289)	(99,273)
Effect of exchange rate changes on cash and cash equivalents		(1,574,275)	(1,710,589)
Operating profit before changes in operating assets and liabilities		27,062,758	33,515,676
Decrease in deposits at banks and financial institutions		10,270,154	7,999,984
(Increase) in financial assets at fair value through profit or loss		(868,104)	(428,856)
(Increase) in direct credit facilities		(92,476,540)	(94,352,443)
(Increase) in other assets		(12,141,008)	(23,889,059)
Increase (decrease) in banks and financial institutions deposits maturing after three months		37,784,860	(10,000,000)
Increase (decrease) in customers' deposits		125,860,708	(101,716,334)
(Decrease) in margin accounts		(33,384,839)	(6,820,686)
Increase in other liabilities		10,823,197	2,011,131
Net cash Flows from (used in) operating activities before income tax		72,931,186	(193,680,587)
Paid Income Tax	14	(14,358,428)	(16,292,801)
Paid sundry provision		(395,386)	(317,770)
Net cash Flows from (used in) operating activities		58,177,372	(210,291,158)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Purchase) of financial assets at fair value through OCI		(295,075)	(350,802)
Sale of financial assets at fair value through OCI		105,944	7,617,052
(Purchase) of financial assets at amortized cost		(85,223,904)	(44,148,902)
Proceeds from maturity and sale of financial assets at amortized cost		132,420,798	111,980,859
(Purchase) of property and equipment – net		(2,856,471)	(9,366,205)
Sale of property and equipment		997	12,232
(Purchase) of intangible assets		(1,069,914)	(642,512)
Net cash Flows from investing activities		43,082,375	65,101,722
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in loans and borrowings		25,610,006	53,744,420
Repayment of loans and borrowings		(15,173,532)	(79,330,790)
Distributed Dividends		(21,600,000)	(16,000,000)
Paid-in Capital Increase Expense		(20,085)	(150,146)
Net cash Flows (used in) financing activities		(11,183,611)	(41,736,516)
Effect of exchange rate changes on cash and cash equivalents		1,574,275	1,710,589
Net increase (decrease) in cash and cash equivalents		91,650,411	(185,215,363)
Cash and cash equivalents, beginning of the period		277,972,605	397,796,995
Cash and cash equivalents, end of the period	22	319,623,016	212,581,632

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CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

1. GENERAL

- Cairo Amman Bank was established as a public shareholding company registered and incorporated in Jordan in 1960 in accordance with the Jordanian Companies Laws and Regulations No. (12) for the year 1964. Its registered head office is in Amman-Jordan.
- The Bank provides its banking and financial services through its head office located in Amman and 89 branches located in Jordan, and 21 branches in Palestine and 1 in Bahrain, and its subsidiaries.
- The Bank's shares are listed on the Amman Stock Exchange.
- The condensed consolidated interim financial statements were authorized for issue by the Bank's Board of Directors in their meeting held on July 30th, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

- The condensed consolidated interim financial statements for the bank as of June 30, 2017 have been prepared in accordance with International Accounting Standard (34) (Interim Financial Reporting) and local laws in force including instructions from Central Bank of Jordan.
- The condensed consolidated interim financial statements are prepared on a historical cost basis except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial derivatives which are stated at fair value as of the date of the condensed consolidated interim financial statements. Moreover, financial assets and liabilities whose change in fair value has been hedged are stated at fair value.
- The condensed consolidated interim financial statements are presented in Jordanian Dinars ("JD"), which is the functional currency of the Bank.
- The condensed consolidated interim financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the six-month period ended June 30th, 2017 do not necessarily indicate the results that may be expected for the financial year ending December 31, 2017 and should be read with the Bank's annual financial statements as of December 31, 2016 and it does not contain the appropriation of profit for the six-month period ended June 30, 2017, which is usually performed at the year end.
- The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2016. Except for the following:
 - Annual improvements on International Financial Reporting Standard (IFRS) issued during 2014 -2016 that includes amendments on IFRS 12.
 - Amendments to IAS (12): "Income Taxes" related to recognition of deferred tax assets for unrealized losses.

- Amendments to IAS 7 "Statement of Cash Flows" that aims to provide additional disclosures in Statement of Cash Flows to enable the users to assess the changes in Liabilities that resulted from Financing Activities.
- The adoption of the above new standards has no impact on the amounts reported and disclosures made in the condensed consolidated interim financial statements.

BASIS OF CONSOLIDATION OF CONDENSED INTERIM FINANCIAL STATEMENTS

- The condensed consolidated interim financial statements comprise the financial statements of the Bank and its subsidiaries where the Bank holds control over the subsidiaries. The control exists when the Bank controls the subsidiaries significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. All balances, transactions, income and expenses between the Bank and subsidiaries are eliminated.
- The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies. If different accounting policies were applied by the subsidiaries, adjustments shall be made on their financial statements in order to comply with those of the Bank.
- The Bank owns the following subsidiaries as of June 30, 2017:

Company's Name	Paid-up Capital	Ownership Percentage	Nature of Operation	Country of Operation	Ownership Date
	JD	%			
Al-Watanieh Financial Services Company	5,000,000	100	Investment Brokerage	Jordan	1992
Al-Watanieh Securities Company	1,600,000	100	Investment Brokerage	Palestine	1995
Tamallak For Financial Leasing Company	5,000,000	100	Finance Leasing	Jordan	2013
Safa Bank	53,175,000	79	Islamic Banking	Palestine	2016
Thimmar Company for Investment Services *	70,900	100	Investment	Palestine	2016

- The most important financial information for subsidiaries as of June 30, 2017 are:

	Al-Watanieh Financial Services Company		Al-Watanieh Securities Company	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
	JD	JD	JD	JD
Total Assets	17,543,265	17,104,903	2,542,016	2,255,317
Total Liabilities	6,240,332	6,354,200	921,510	548,230
Net Assets	11,302,933	10,750,703	1,620,506	1,707,087
	For the Period Ended June 30,		For the Period Ended June 30,	
	2017	2016	2017	2016
	JD	JD	JD	JD
Total Revenues	1,002,962	2,019,263	70,470	85,161
Total Expenses	340,516	526,560	157,051	166,665

	Tamallak For Financial Leasing Company		Safa Bank	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
	JD	JD	JD	JD
Total Assets	22,499,469	16,352,489	80,883,368	61,710,290
Total Liabilities	16,932,445	14,998,140	30,182,224	10,070,127
Net Assets	5,567,024	1,354,349	50,701,144	51,640,163

	For the Period Ended June 30,		For the Period Ended June 30,	
	2017	2016	2017	2016
	JD	JD	JD	JD
Total Revenues	963,750	558,297	606,394	-
Total Expenses	675,488	397,349	1,545,413	-

- * Thimmar Investment Services is wholly owned by the subsidiary Al-Watanieh Securities Company.
- The subsidiaries financial results are consolidated in the condensed consolidated interim statement of income from the date of their acquisition, which is the date on which the control of the Bank on the subsidiary takes place. In addition, the financial results of the disposed subsidiaries are consolidated in the condensed consolidated interim statement of income up to the date of the disposal, which is the date on which the Bank loses control over the subsidiary.
- Non-controlling interest represents the portion that is not owned by the bank in the owner's equity in the subsidiary companies.

3. USE OF ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets, liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues, expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by the management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment, uncertainty and actual results that may differ resulting in future changes such as in provisions.

The management believes that their estimates in the financial statements are reasonable and as follow:

- A provision for credit facilities is taken on the basis and estimates approved by management in conformity with International Financial Reporting Standards (IFRSs), The outcome of these basis and estimates is compared against the adequacy of the provisions as per the instructions of the central banks where the bank branches operate, The strictest outcome that conforms with (IFRSs) is used for the purpose of determining the provision.
- Impairment losses on the valuation of repossessed real estate properties are determined based on appraisal reports prepared by certified appraisers and reviewed periodically. Starting from the year 2015, a gradual provision has been booked for the value of repossessed assets against debts which are being held for more than 4 years in accordance to the central Bank of Jordan instructions number 10/1/4076 dated March 27, 2104.

- Management periodically reassesses the economic useful lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and the assessment of their useful economic lives expected in the future. Impairment loss (if any) is taken to the condensed consolidated Interim statement of income.
- Management frequently reviews the financial assets stated at cost to estimate any impairment in their value, Impairment loss (if any) is taken to the Condensed consolidated Interim statement of income.
- A provision for lawsuits raised against the bank (if there is any need) is recorded based on a legal study prepared by the bank's legal advisor, Moreover the study highlights any potential risks that the Bank may encounter in the future, such legal assessments are reviewed periodically.
- A provision for income tax is recorded on the current year's profit and for accrued and assessed tax for the prior year in case of differences exceeding the provision due to not reaching a final settlement with the tax authorities for that year. The deferred tax assets and liabilities are conducted and booked.
- Fair value hierarchy: The bank is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety segregating fair value measurements in accordance with the levels defined in IFRS; The difference between Level 2 and Level 3 fair value measurements i.e, assessing whether inputs are observable and whether the unobservable inputs are significant may require judgement and a careful analysis of the inputs used to measure fair value including consideration of factors specific to the assets or liability.
- In the opinion of the Bank's management the accounting estimates used within the condensed consolidated interim financial statements are reasonable.

4. CASH AND BALANCES WITH CENTRAL BANKS

- The Statutory cash reserve held at the Central Banks amounted to JD 87,051,330 as of June 30, 2017 (against JD 81,695,162 as of December 31, 2016).
- Apart from the statutory reserve held at the Central Banks, the restricted cash balances amounted to JD 8,224,400 as of June 30, 2017 and December 31, 2016 respectively.
- There are no balances which mature in more than three months as of June 30, 2017 and December 31, 2016.

5. BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

This item consists of the following:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2017	December 31, 2017
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	2,155,162	896,556	23,077,141	36,907,332	25,232,303	37,803,888
Deposits that mature within 3 months or less	161,640,108	249,267,615	96,927,377	46,782,749	258,567,485	296,050,364
Total assets	<u>163,795,270</u>	<u>250,164,171</u>	<u>120,004,518</u>	<u>83,690,081</u>	<u>283,799,788</u>	<u>333,854,252</u>

- Non-interest bearing balances at banks and financial institutions amounted to JD 25,232,303 as of June 30, 2017 against JD 37,803,888 as of December 31, 2016.
- There are no restricted balances as of June 30, 2017 and December 31, 2016.

6. DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS

This item consists of the following:

	June 30, 2017	December 31, 2016
	JD	JD
Deposit maturing within:		
More than 3 to 6 months	14,180,000	12,500,000
More than 6 to 9 months	-	24,199,984
More than 9 to 12 months	24,092,914	14,180,000
More than 1 year	25,000,000	22,663,084
Total	<u>63,272,914</u>	<u>73,543,068</u>

- There are no restricted balances as of June 30, 2017 and December 31, 2016.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This item consists of the following:

	June 30, 2017	December 31, 2016
	JD	JD
Quoted Equities	23,732,062	23,963,344
Investment Funds	1,869,466	1,859,240
	<u>25,601,528</u>	<u>25,822,584</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item consists of the following:

	June 30, 2017	December 31, 2016
	JD	JD
Quoted Investments		
Quoted Equities	19,724,006	19,201,161
Total quoted investments	<u>19,724,006</u>	<u>19,201,161</u>
Unquoted Investments		
Unquoted Equities	12,483,462	12,301,132
Total unquoted investments	<u>12,483,462</u>	<u>12,301,132</u>
Financial assets at fair value through other comprehensive income	<u>32,207,468</u>	<u>31,502,293</u>

- Cash dividends were distributed on investments in the amount of JD 1,110,452 for the period ended June 30, 2017 (against JD 1,116,911 for the period ended June 30, 2016).
- The fair value of unquoted investments is calculated on the equity method based on the latest audited financial statements of the company invested in.

9. DIRECT CREDIT FACILITIES, NET

This item consists of the following:

	June 30, 2017	December 31, 2016
	<u>JD</u>	<u>JD</u>
Consumer lending		
Overdrafts	12,191,608	8,221,354
Loans and bills *	650,637,040	632,917,856
Credit cards	11,121,436	10,070,530
Other	6,509,919	6,109,762
Residential mortgages	183,930,056	171,512,514
Corporate lending		
Overdrafts	78,818,301	99,378,606
Loans and bills *	251,332,459	203,901,684
Government and public sector		
Overdrafts	17,831,835	13,755,261
Loans and bills *	68,018,907	52,266,535
Lending to governmental sectors	<u>228,217,185</u>	<u>216,615,307</u>
Total	<u>1,508,608,746</u>	<u>1,414,749,409</u>
<u>Less: Suspended interest</u>	(11,724,936)	(10,794,925)
<u>Less: Allowance for impairment losses</u>	(50,017,612)	(47,675,336)
Direct credit facilities, net	<u>1,446,866,198</u>	<u>1,356,279,148</u>

- * Net after deducting interest and commission received in advance of JD 5,488,826 as of June 30, 2017 (December 31, 2016 JD 5,251,444).
- As of June 30, 2017 non-performing credit facilities amounted to JD 72,659,552 (December 31, 2016: JD 59,328,905), representing 4.82% (December 31, 2016: 4.19%) of gross credit facilities granted.
- As of June 30, 2017, non-performing credit facilities, after deducting suspended interest, amounted to JD 61,010,672 (December 31, 2016: JD 48,701,464), representing 4.08% (December 31, 2016: 3.47%) of gross credit facilities granted after deducting the suspended interest.
- As of June 30, 2017, credit facilities granted to the Government of Jordan amounted to JD 97,881,904 (December 31, 2016: JD 102,143,212), representing 6.49% (December 31, 2016: 7.22%) of gross credit facilities granted.
- As of June 30, 2017 credit facilities granted to the public sector in Palestine amounted to JD 67,443,025 (December 31, 2016: JD 55,232,268), representing 4.47% (December 31, 2016: 3.9%) of gross credit facilities granted.

Allowance for impairment losses:

A reconciliation of the allowance for impairment losses for direct credit facilities by class is as follows:

	Consumer JD	Residential mortgages JD	Corporate JD	SMEs JD	Total JD
June 30, 2017					
At 1 January 2016	29,543,906	1,992,190	8,898,201	7,241,039	47,675,336
Charge for the year	2,095,790	60,192	(59,753)	(206,739)	1,889,490
Amounts written off	(15,545)	-	-	(14,957)	(30,502)
Revaluation difference	483,288	-	-	-	483,288
Balance End of Period	<u>32,107,439</u>	<u>2,052,382</u>	<u>8,838,448</u>	<u>7,019,343</u>	<u>50,017,612</u>
Specific impairment on Individual customers:					
Non - performing	25,767,827	2,010,804	8,829,073	6,981,650	43,589,354
Watch list	852,894	41,578	9,375	37,693	941,540
Collective impairment on portfolio	5,486,718	-	-	-	5,486,718
Balance End of Period	<u>32,107,439</u>	<u>2,052,382</u>	<u>8,838,448</u>	<u>7,019,343</u>	<u>50,017,612</u>
December 31, 2016					
At 1 January 2015	31,121,763	2,154,700	5,863,690	7,159,293	46,299,446
Charge for the year	237,801	(162,510)	3,031,382	106,807	3,213,480
Amounts written off	(1,833,783)	-	-	(27,872)	(1,861,655)
Revaluation difference	18,125	-	3,129	2,811	24,065
At 31 December 2016	<u>29,543,906</u>	<u>1,992,190</u>	<u>8,898,201</u>	<u>7,241,039</u>	<u>47,675,336</u>
Specific impairment on Individual loans:					
Non - performing	23,291,318	1,952,761	8,605,678	7,205,336	41,055,093
Watch list	893,378	39,429	292,523	35,703	1,261,033
Collective impairment on portfolio	5,359,210	-	-	-	5,359,210
At 31 December 2016	<u>29,543,906</u>	<u>1,992,190</u>	<u>8,898,201</u>	<u>7,241,039</u>	<u>47,675,336</u>

Allowance for impairment related to non-performing credit facilities that were settled or collected amounted to JD 4,677,158 as at June 30, 2017 (JD 7,122,651 as of December 31, 2016).

Suspended interest:

A reconciliation of suspended interest on direct credit facilities by class is as follows:

	Consumer JD	Residential mortgages JD	Corporate JD	SMEs JD	Total JD
June 30, 2017					
At 1 January 2016	1,413,098	101,012	7,332,991	1,947,824	10,794,925
Add: Suspended interest during the year	202,708	13,821	994,012	(137,828)	1,072,713
Less: Amount transferred to income on recovery	(99,710)	(3,955)	(35,792)	(3,245)	(142,702)
Balance End of Period	<u>1,516,096</u>	<u>110,878</u>	<u>8,291,211</u>	<u>1,806,751</u>	<u>11,724,936</u>
December 31, 2016					
At 1 January 2015	1,080,088	38,470	7,383,838	1,764,496	10,266,892
Add: Suspended interest during the year	512,577	62,542	97,105	232,875	905,099
Less: Amount transferred to income on recovery	(84,208)	-	(194,691)	(56,559)	(335,458)
Amounts written off	(95,359)	-	46,739	7,012	(41,608)
At 31 December 2016	<u>1,413,098</u>	<u>101,012</u>	<u>7,332,991</u>	<u>1,947,824</u>	<u>10,794,925</u>

Direct credit facilities are distributed to geographic location and economic sector as follows:

Economic sector	Inside Jordan	Outside Jordan	30 June 2017	31 December 2016
	JD	JD	JD	JD
Financial	25,230,169	-	25,230,169	13,830,457
Industrial	29,336,264	21,685,603	51,021,867	33,585,102
Trade	149,058,668	116,228,695	265,287,363	256,662,728
Real estate	198,135,800	53,643,987	251,779,787	288,732,228
Agriculture	5,245,763	223,456	5,469,219	6,931,110
Shares	7,036,111	616,961	7,653,072	7,182,737
Individuals	589,647,700	84,302,384	673,950,084	651,209,740
Government and public sector	160,774,160	67,443,025	228,217,185	216,615,307
	<u>1,164,464,635</u>	<u>344,144,111</u>	<u>1,508,608,746</u>	<u>1,414,749,409</u>

10. FINANCIAL ASSETS OF AMORTIZED COST, NET

This item consists of the following:

	June 30, 2017	December 31, 2016
	JD	JD
Quoted Investments		
Foreign Treasury bills	1,630,138	1,630,068
Corporate debt securities	17,274,485	17,559,550
Total quoted investments	<u>18,904,623</u>	<u>19,189,618</u>
Unquoted Investments		
Jordanian treasury bills	33,887,655	12,887,124
Government Treasury Bonds	197,450,490	260,373,453
Government Debt Securities	2,637,886	2,603,250
Corporate debt securities	40,283,600	41,311,650
Other debt securities	2,147	-
Less: Impairment losses	-	(141,800)
Total unquoted investments	<u>274,261,778</u>	<u>317,033,677</u>
Total financial assets at amortized cost	<u>293,166,401</u>	<u>336,223,295</u>
Analysis of debt instruments		
Fixed rate	290,143,378	335,337,045
Floating rate	3,023,023	886,250
Total	<u>293,166,401</u>	<u>336,223,295</u>

11. OTHER ASSETS

This item consists of the following:

	June 30, 2017	December 31, 2016
	JD	JD
Accrued interest revenues	10,046,275	10,803,301
Prepaid expenses	9,100,665	7,237,323
Repossessed assets - net *	12,081,080	11,849,384
Accounts receivable - net	1,455,989	807,028
Clearing checks	8,624,716	2,683,260
Settlement Guarantee Fund	25,000	25,000
Trading Settlement Account	-	144,486
Refundable deposits	523,422	499,820
Deposit at Visa International	1,765,431	1,765,431
Others	5,036,039	604,287
Total	<u>48,658,617</u>	<u>36,419,320</u>

The following is a summary of repossessed asset movement transferred to the bank in return for impaired debts:

	June 30, 2017	December 31, 2016
	JD	JD
Beginning balance of the period/ year	14,903,284	13,328,163
Additions	575,601	1,869,802
Disposals	(343,905)	(294,681)
Total	<u>15,134,980</u>	<u>14,903,284</u>
Provision for seized assets	(866,108)	(668,915)
Provision for seized assets as per Central Bank rules and regulations	(2,187,792)	(2,384,985)
Total	<u>12,081,080</u>	<u>11,849,384</u>

- * As per the Central Bank of Jordan instructions the repossessed lands and buildings should be sold within two years of repossession, and can be extended under specific circumstances by the Central Bank of Jordan for a maximum of four years. In addition, the Bank has recognized a provision for the repossessed assets which is being held for more than four years in accordance to the Central Bank of Jordan instructions number 10/1/4076 dated March 27, 2014 and 10/1/7096 dated June 8, 2014.

12. CUSTOMERS' DEPOSITS

This item consists of the following:

The details of this item are as follows:

	Individual	Corporate	SMEs	Governmental and public sectors	Total
	JD	JD	JD	JD	JD
<u>June 30, 2017</u>					
Current and demand deposits	275,384,892	69,517,555	40,970,347	52,195,520	438,068,314
Saving accounts	417,791,545	2,750,753	3,215,687	206,606	423,964,591
Time and notice deposits	315,235,585	174,079,562	21,905,339	299,821,765	811,132,251
Certificates of Deposits	141,800	-	-	-	141,800
Total	<u>1,008,643,822</u>	<u>246,347,870</u>	<u>66,091,373</u>	<u>352,223,891</u>	<u>1,673,306,965</u>
<u>December 31, 2016</u>					
Current and demand deposits	251,480,965	122,303,996	35,000,081	65,378,681	474,163,723
Saving accounts	386,621,967	1,538,676	2,828,631	25,797	391,015,071
Time and notice deposits	297,920,365	106,399,338	20,034,467	257,913,284	682,267,454
Total	<u>936,023,297</u>	<u>230,242,010</u>	<u>57,863,179</u>	<u>323,317,762</u>	<u>1,547,446,248</u>

- Jordanian Government and Public Sectors deposits amounted to JD 310,419,510 as of June 30, 2017 representing 18.55% (December 31, 2016: JD 323,317,762 representing 20.89%) of gross customers' deposits.
- There are no restricted deposits as of June 30, 2017 and December 31, 2016.
- Non-interest bearing deposits amounted to JD 640,502,655 as of June 30, 2017 representing 38.28% (December 31, 2016: JD 625,400,173 representing 40.41%) of gross deposits.
- Dormant deposits amounted to JD 42,736,042 as of 30 June 2017 (December 31, 2016: JD 38,624,515).

13. LOANS AND BORROWINGS
This item consists of the following:

June 30, 2017 (reviewed not audited)

	Amount	Total No. of Instalments	Outstanding Instalments	Payable Every	Maturity Date	Collaterals	Interest Rate
	JD					JD	
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.845% - 4.895%
Amounts borrowed from French Development Agency	2,836,000	20	16	Semi - annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan *	9,500,000	10	10	Semi- annually	2028	None	2.5%
Amounts borrowed from Central Bank of Jordan **	26,016,204	87	87	At maturity /per loan	2017-2022	Treasury Bills	1%-2.5%
Amounts borrowed from Central Bank of Jordan *	2,400,000	14	14	Semi- annually	2028	None	2.5%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	6,077,143	7	6	Semi- annually	2020	None	1.75%- 3.25%
Amounts borrowed from Central Bank of Jordan *	4,100,000	20	20	Semi- annually	2031	None	2.39%
Amounts borrowed from Jordan Loan Guarantee Corporation ***	30,000,000	1	1	At maturity/per loan	2019	None	4.4%
Amounts borrowed from Jordan Loan Guarantee Corporation ***	5,000,000	1	1	At maturity	2020	None	5.75%
Amounts borrowed from Financial Markets International (FMI)	1,074,224	1	1	-	None	None	-
Total	102,601,571						

December 31, 2016

	Amount	Total no. of Instalments	Outstanding Instalments	Payable Every	Maturity Date	Collaterals	Interest Rate
	JD					JD	
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.845% - 4.895%
Amounts borrowed from French Development Agency	3,013,250	20	17	Semi-annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan	9,500,000	10	10	Semi-annually	2017 - 2028	None	2.5%
Amounts borrowed from Central Bank of Jordan	19,389,623	71	71	At maturity/per loan	2022	Treasury Bills	1% - 2.5%
Amounts borrowed from Central Bank of Jordan	2,400,000	14	14	Semi- annually	2028	None	2.5%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	7,090,000	7	7	Semi- annually	2020	None	1.75% - 3.25%
Amounts borrowed from Central Bank of Jordan	4,100,000	20	20	Semi-annually	2031	None	2.39%
Amounts borrowed from Jordan Loan Guarantee Corporation	30,000,000	1	1	At Maturity	2019	None	4.4%
Amounts borrowed from Financial Markets International (FMI)	1,074,224	1	1	-	None	None	-
Total	92,165,097						

* The borrowed amount from the Central Bank of Jordan was re-lent to SME's on an average interest rate of 7.5%. In addition, the repayment starts after 5 years of granting date.

** The borrowed amount from the Central Bank of Jordan for industrial and energy financing loans were re-lent on an average interest rate of 4.5%.

*** The housing loans that have been refinanced from the borrowed funds of Jordan Loan Guarantee Corporation amounted JD 25,699,987 as of June 30, 2017 with an interest rate of 6.9%.

14. INCOME TAX PROVISION

A. Income Tax provision

The movement on the income tax provision was as follows:

	June 30, 2017	December 31, 2016
	JD	JD
Balance at the beginning of the period/year	20,892,898	23,599,266
Income tax paid	(14,358,428)	(20,104,075)
Income tax payable	6,085,122	15,559,626
Amortization of deferred tax liabilities	-	1,838,081
Balance at the end of the period/year	<u>12,619,592</u>	<u>20,892,898</u>

Income tax appearing in the statement of income represents following:

	For the Three-Month Period Ended June 30,	
	2017	2016
	JD	JD
Income tax for the period	6,085,122	8,129,820
Deferred tax assets	168,145	-
Amortization of deferred tax liabilities	(716,661)	-
Income tax payable period	<u>5,536,606</u>	<u>8,129,820</u>

- The statutory tax rate on banks in Jordan is 35% and the statutory tax rates on foreign branches and subsidiaries range between 0% to 31%. Banks in Palestine are subject to an income tax rate of 15% plus VAT of 16%.
- The Bank reached a final settlement with the Income and Sales Tax Department for the year ended December 31, 2014 for the Bank's branches in Jordan. The Income and Sales Tax Department did not review 2015 and 2016 records up to the date of these condensed consolidated interim financial statements.
- A final settlement was reached with the tax authorities for Palestine branches until 2014. The Income Tax Department did not review 2015 and 2016 records up to the date of these condensed consolidated interim financial statements.
- A final settlement has been reached with the Income and Sales Tax Department up to the end of the year 2009. In addition, the Sales and Income Tax Department reviewed company's records for the years 2010 and 2011, and estimated the tax payable for these years at JD 318,644 for the amounts paid. This decision was objected by the company in specialized courts where a decision was issued by the Court of First Instance in June 2016 to annul a claim, consider it voided and return it in order to be corrected to the Sales and Tax Department. This decision has been confirmed during the appeal stage in October 2016. Based on the court's decision, the Income Tax Department re-issued certificates with the same amounts. As a result, the company appealed against the decision, for which an objection was issued in June 2017 and therefore the appeal was filed before the courts which ended in July 2017. The court is still awaiting to correct the legal procedures, even though the legal period available after submitting the statements has passed by 4 years. The Sales and Income Tax Department reviewed the company's records for the years 2012, 2013, 2014 and estimated that the tax payable for these years was JD 1,222,807 for the exceeding paid amounts. The company had filed an appeal at specialized courts and no court decision has been made till this day. The Sales and Income Tax Department has not reviewed the accounts for the year 2015 and 2016 up to the date of these condensed consolidated interim financial statements. In the opinion of Bank's management, income tax provision recorded at the date of condensed consolidated interim statement of financial position are sufficient to face any future tax liabilities.
- Al-Watanieh Securities Company - Palestine has reached a final settlement with the Income and Sales Tax Department up to the year 2015. The income tax department did not review 2016 records up to the date of than condensed consolidated interim financial statements.

- Tamallak for Financial Leasing Company had reached a final settlement with the Income and sales tax Department until the year 2014. Furthermore, the Income Tax Department did not review 2015 and 2016 records, up to the date of these condensed consolidated interim financial statements.
- In the opinion of the Bank's management, income tax provision as of June 30, 2017 is sufficient to meet any future tax obligation.

15. OTHER LIABILITIES

This item consists of the following:

	June 30, 2017	December 31, 2016
	JD	JD
Accrued interest expense	6,420,868	4,246,466
Unearned Revenue	711,404	1,023,780
Accounts payable	3,717,208	2,898,141
Accrued expenses	6,505,823	6,617,780
Temporary deposits	20,373,292	13,880,874
Checks and withdrawals	4,190,132	4,420,043
Others	4,789,152	2,797,598
	<u>46,707,879</u>	<u>35,884,682</u>

16. FAIR VALUE RESERVE (NET)

The movement is as follows:

	June 30, 2017	December 31, 2016
	JD	JD
Beginning balance of period/year	(10,347,484)	(6,917,105)
Unrealized gain (loss)	516,045	(194,219)
(Gain) from sale of financial assets at fair value through other comprehensive income	-	(3,418,582)
Deferred tax assets	(177,351)	82,911
Deferred tax liabilities	315,699	99,511
Ending balance of the period/year	<u>(9,693,091)</u>	<u>(10,347,484)</u>

17. RETAINED EARNINGS

This item consists of the following:

	June 30, 2017	December 31, 2016
	JD	JD
Balance at the beginning of the period	70,184,530	74,934,813
Profit for the year	-	35,056,003
Transferred to statutory reserve	-	(4,847,853)
Transferred to general banking risk reserve	-	(1,312,002)
Transferred to Cyclical Reserve	-	(914,867)
Dividends distributed as shares	-	(20,000,000)
Cash dividends distributed to the shareholders	(21,600,000)	(16,000,000)
Increase in Paid up capital expenses	(20,085)	(150,146)
Transfer of sale of financial assets held through other comprehensive income	-	3,418,582
Balance at the end of the period	<u>48,564,445</u>	<u>70,184,530</u>

- The balance of the retained earnings as of June 30, 2017 includes an amount of JD 5,097,980 representing the balance of the effect of the early adoption of IFRS 9 and the instructions of the Securities Exchange Commission that prohibits to distribute it, except to what is actually earned through sale.
- The retained earnings include deferred tax assets amounting to JD 5,924,864 as of June 30, 2017 compared to JD 6,270,359 as of December 31, 2016 and according to the instructions of the Central Bank of Jordan they are not available for distribution.
- The amount JD 9,693,091 represents negative fair value reserve through other comprehensive income restricted from use as per the Central Bank of Jordan and the Securities Commission instructions.

18. INTEREST INCOME

This item consists of the following:

	For the Six-Month Period Ended June 30,	
	2017	2016
Consumer lending	JD	JD
Overdrafts	786,189	829,992
Loans and bills	29,889,762	28,796,850
Credit cards	1,165,632	1,122,594
Others	127,121	167,941
Residential mortgages	5,626,539	5,498,919
Corporate lending		
Large enterprises lending		
Overdrafts	2,937,427	2,706,488
Loans and bills	7,180,000	4,458,848
Small and medium enterprises lending		
Overdrafts	542,175	621,280
Loans and bills	1,529,769	1,624,369
Public and governmental sectors	5,002,809	3,966,195
Balances at Central Banks	2,791,502	240,542
Balances and deposits at banks and financial institutions	1,385,094	7,412,854
Financial assets at amortized cost	4,997,935	7,710,856
Financial assets at fair value through profit and loss	-	1,764
Total	63,961,954	65,159,492

19. INTEREST EXPENSE

This item consists of the following:

	For the Six-Month Period Ended June 30,	
	2017	2016
	JD	JD
Banks and financial institutions deposits	1,695,239	2,272,403
Customers' deposits:		
Current accounts and demand deposits	513,727	575,131
Saving accounts	1,631,797	1,156,187
Time and notice deposits	11,745,192	9,754,818
Certificate of Deposit	944	-
Cash Insurance	492,796	651,905
Loans and borrowings	1,715,665	992,869
Deposits guarantee fees	1,695,384	1,653,092
Total	19,490,744	17,056,405

20. GAIN (LOSS) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This item consists of the following:

	Realized	Unrealized	Dividends	Total
	(Loss)	(Loss)		
June 30, 2017	JD	JD	JD	JD
Equity instruments	(2,926)	(1,103,376)	1,867,092	760,790
Bonds	-	4,104	-	4,104
Investment funds	-	10,112	-	10,112
Total	(2,926)	(1,089,160)	1,867,092	775,006
June 30, 2016				
Equity instruments	(224,822)	(2,402,688)	2,026,231	(601,279)
Bonds	-	4,989	-	4,989
Investment funds	-	(169,533)	-	(169,533)
Total	(224,822)	(2,567,232)	2,026,231	(765,823)

21. EARNINGS PER SHARE

	For the three-Month Period Ended June 30,		For the Six-Month Period Ended June 30,	
	2017	2016	2017	2016
	JD	JD	JD	JD
Profit for the period attributable to shareholders	7,479,520	9,426,939	14,142,971	18,469,095
Weighted average number of shares	180,000,000	180,000,000	180,000,000	180,000,000
	(JD/Fils)	(JD/Fils)	(JD/Fils)	(JD/Fils)
Basic and diluted earnings per share - (Bank's Shareholders)	0/042	0/052	0/079	0/103

Diluted earnings per share are equal to the basic earnings per share as the Bank has not issued any potentially convertible instruments to shares which would have an impact on earnings per share.

22. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

Cash and cash equivalents appearing in the statement of cash flows consist of the following balance sheet items:

	June 30,	
	2017	2016
	JD	JD
Cash and balances with Central Banks maturing within three months	450,857,692	153,397,745
<u>Add:</u> Balances at banks and financial institutions maturing within three months	283,799,788	419,023,791
<u>Less:</u> Banks and financial institutions' deposits maturing within three months	406,810,064	352,395,404
Restricted balances	8,224,400	7,444,500
Total	319,623,016	212,581,632

23. RELATED PARTY TRANSACTIONS

The accompanying condensed consolidated interim financial statements consist of the Bank and the following subsidiaries:

Company Name	Ownership	Paid in Capital	
		June 30, 2017	December 31, 2016
	%	JD	JD
Al-Watanieh Financial Services Company	100	5,000,000	5,000,000
Al-Watanieh Securities Company	100	1,600,000	1,600,000
Tamallak For Financial Leasing Company	100	5,000,000	1,000,000
Safa BANK	79	53,175,000	53,175,000
Thimmar Company for Investment Services	100	70,900	70,900

The Bank entered into transactions with subsidiaries, major shareholders, directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates. All the loans and advances to related parties are performing advances and are free of any provision for credit losses.

The following related party transactions took place during the period:

	Related Party			Total	
	Board of Directors and Relatives of Board Members	Executive Management	Others *	June 30, 2017	December 31, 2016
	JD	JD	JD	JD	JD
<u>Items within the statements of financial position:</u>					
Direct credit facilities	21,946,016	5,221,152	20,782,585	47,949,753	78,571,070
Deposits at the Bank	18,048,841	3,164,870	12,136,529	33,350,240	37,423,859
Margin accounts	621,297	-	355,131	976,428	35,822,466
<u>Off balance items:</u>					
Indirect credit facilities	2,165,613	-	206,975	2,372,588	2,838,501
				For the Six-Month Period Ended June 30,	
				2017	2016
				JD	JD
<u>Income statements items</u>					
Interest and commission income	226,397	40,093	90,272	356,762	719,706
Interest and commission expense	1,272,414	123,849	1,127,349	2,523,612	2,130,945

- * Other related parties include the Bank employees and their relatives to the third degree.
- Credit interest rates on credit facilities in Jordanian Dinar range between 4% - 9%.
 - Credit interest rates on credit facilities in foreign currency range between 4% - 4.75%.
 - Debit interest rates on deposits in Jordanian Dinar range between 0% - 5.25%.
 - Debit interest rates on deposits in foreign currency range between 0% - 2%.

Salaries, bonuses and other benefits for key management Personnel amounted to JD 1,442,744 as of June 30, 2017 (JD 1,472,779 as of June 30, 2016).

24. CAPITAL MANAGEMENT

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios") and adopted by the Central Bank of Jordan.

According to Central Bank of Jordan regulation (52/2010), the minimum paid in capital of Jordanian banks should be JD 100 million before the end of 2011. In addition, the regulation requires a minimum leverage ratio of 4%.

The Bank, since its inception, has always maintained an adequate capital adequacy ratio that exceeds the minimum required by the Central Bank of Jordan of 12% (8% as per BIS rules/ratios). The bank takes into consideration all ratios related to credit concentrations and which are used in the regulatory capital as an indicator for those concentrations.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. No changes were made in the objectives, policies and processes from previous years.

Description of what is considered capital

As per the Central Bank of Jordan rules and regulations, regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, declared reserves, retained earnings non-controlling interests allowed to be recognized and other comprehensive income items, less accrued dividends, goodwill, cost of treasury shares and shortage of required provision, deferred tax asset relates to non performing loan or to any amounts that are prohibit to be disposed as per the rules and regulations. The other component of regulatory capital is Tier 2 capital, which includes subordinated long term bonds which can be reclassified to shares, preference shares non-cumulative interest and non-controlling interest allowed to be recognized. The third component of capital is Tier 3 which is used against market risk. Investments in the capital of banks and other financial institutions are deducted from regulatory capital if not consolidated in addition to investments in the capital of insurance companies. Also, excess over 10% of the Bank's capital if invested in an individual company investee as per the rules of Central Bank of Jordan.

The Central Bank of Jordan issued instructions regarding capital adequacy in accordance with basel III and canceled the instructions of regulatory capital adequacy according to basel II.

The capital adequacy percentage is calculated in accordance with the Central Bank of Jordan according to basel committee decision. Below is the capital adequacy as per Basel III:

	June 30, 2017	December 31, 2016
	JD	JD
Ordinary Share Rights		
Paid in capital	180,000,000	180,000,000
Retained earnings after subtracting the expected accumulated distributions	48,564,445	48,584,530
Change in fair value reserve	(9,693,091)	(10,347,484)
Statutory reserve	65,836,075	65,836,075
Other reserves approved by the Central Bank	6,816,916	6,816,916
Minority rights allowed to be recognized	1,197,445	697,391
Total ordinary share capital	296,352,808	291,587,428
Regulatory Adjustments (Capital deductible)		
Intangible assets	9,635,155	10,046,891
Deferred tax assets that should be deducted	5,134,480	5,461,073
Profit for the period after deducting expected dividends	3,631,018	-
Net ordinary shareholders' equity	281,583,173	276,079,464
Additional capital		
Minority rights allowed to be recognized		
Net primary capital (Tier I)		
Tier II Capital		
General banking risk reserve	15,493,955	13,982,002
Minority rights allowed to be recognized	239,489	139,478
Tier II Capital	15,733,444	14,121,480
Adjustment (deducted from capital)		
Investment in subsidiaries capital unconsolidated with banks accounts	-	-
Net Tier II	<u>15,733,444</u>	<u>14,121,480</u>
Regulatory capital	<u>297,316,617</u>	<u>290,200,944</u>
Total risk weighted assets	<u>1,957,312,272</u>	<u>1,761,586,241</u>
Capital adequacy (%)	15,19%	16,47%
Capital adequacy (primary capital) (%)	14,39%	15,67%
Subordinated capital (%)	0.80%	0.80%

25. SEGMENTAL INFORMATION

1. Banks activities information

For management purposes the Bank is organized into three major business segments in accordance with the reports sent to chief operating decision maker.

Retail banking - Mainly handles individual customers' deposits, and providing consumer type loans, overdrafts, credit cards facilities and other facilities.

Corporate banking - Mainly handles loans and other credit facilities and deposit and current accounts for corporate and institutional customers;

Treasury - Mainly provides money market, trading and treasury services, as well as the management of the Bank's funding operations.

These segments are the basis on which the bank reports its primary segment information.

	Retail Banking	Corporate Banking	Treasury	Others	June 30,	
	JD	JD	JD	JD	2017	2016
	JD	JD	JD	JD	JD	JD
Gross income	48,173,203	19,174,547	12,860,538	1,138,855	81,347,143	81,562,313
Allowance for credit losses	2,155,982	(266,492)	-	-	1,889,490	1,613,459
Segment result	36,762,056	12,966,783	9,099,215	1,138,855	59,966,909	62,892,449
Unallocated costs					40,484,409	36,293,534
Profit before tax					19,482,500	26,598,915
Income tax					5,536,606	8,129,820
Profit for the period					13,945,894	18,469,095
Other information						
Capital expenditure					3,926,385	10,008,717
Depreciation and amortization					4,410,485	3,899,827
					June 30, 2017	December 31, 2016
					JD	JD
Total segment assets	828,619,361	618,246,834	1,164,246,100	100,474,224	2,711,586,519	2,491,183,233
Total segment liabilities	894,180,019	657,982,706	753,391,783	75,741,797	2,381,296,305	2,153,873,221

2. Geographical Information

This item represents the geographical distribution of the Bank's operations, the Bank's main activities are located in Jordan which represents local operation as well as international operations in the Middle East, Europe, Asia, America and Low East.

The following table shows the distribution of the Bank's profit assets and capital expenditure by geographical segment:

	Inside Jordan		Outside Jordan		Total	
	June 30,		June 30,		June 30,	
	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD
Total Revenue	62,260,585	72,394,464	19,086,558	9,167,849	81,347,143	81,562,313
Capital expenditure	2,409,364	4,992,328	1,517,021	5,016,389	3,926,385	10,008,717
	Inside Jordan		Outside Jordan		Total	
	June 30,	December 31,	June 30,	December 31,	June 30,	December 31,
	2017	2016	2017	2016	2017	2016
	JD	JD	JD	JD	JD	JD
Total assets	2,029,038,773	1,951,854,991	682,547,746	539,328,242	2,711,586,519	2,491,183,233

26. COMMITMENTS AND CONTINGENT LIABILITIES

a) Commitments and contingent liabilities:

	June 30, 2017	December 31, 2016
	JD	JD
Letters of credit:		
Issued	28,683,082	32,092,230
Acceptances	653,814	1,563,898
Letters of guarantee:		
Payments	16,361,530	16,285,995
Performance	15,166,784	18,015,063
Other	14,916,967	11,437,672
Irreversible commitments to extend credit	<u>113,162,611</u>	<u>92,169,757</u>
	<u>188,944,788</u>	<u>171,564,615</u>

b) The contractual commitments of the Bank are as follows:

	June 30, 2017	December 31, 2016
	JD	JD
Contracts to purchase property and equipment	<u>2,532,943</u>	<u>3,599,638</u>

27. LITIGATION RAISED AGAINST THE BANK

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 44,192,536 as of June 30, 2017 (December 31, 2016: JD 43,857,724). In the opinion of the Bank's management and law consultant, provisions for these lawsuits are sufficient.

Provision for legal cases amounted to JD 4,322,075 as of June 30, 2017 (December 31, 2016: JD 4,421,931).

28. STATUTORY RESERVES

The Bank has not deducted any statutory reserves according to Companies' Law since these are interim financial statements.

29. FAIR VALUE HIERARCHY

a. The fair values for financial assets and financial liabilities of the bank are determined at fair value on an ongoing basis.

- Some of the Financial Assets and Financial Liabilities of the bank are valued at fair value of each reporting period. The following table provides information on how fair value is determined for financial assets and financial liabilities (Valuation Methods and Inputs Used).

	Fair Value		Fair Value Level	Valuation Method and Inputs Used	Intangible, Significant Inputs	Relationship between Intangible, Significant Inputs and Fair Value
	June 30, 2017 JD	December 31, 2016 JD				
Financial Assets/ Financial Liabilities						
Financial Assets at Fair Value						
Financial Assets at Fair Value through Income Statement						
Investments	25,601,528	25,822,584	First Level	Prices are announced in Financial Markets	Doesn't Apply	Doesn't Apply
Total	25,601,528	25,822,584				
Financial Assets at Fair Value through Comprehensive Income Statement						
Quoted Investment	19,724,006	19,201,161	First Level	Prices are announced in Financial Markets Compared with market value of similar Financial Instrument	Doesn't Apply	Doesn't Apply
Unquoted Investment	12,483,462	12,301,132	Second Level		Doesn't Apply	Doesn't Apply
Total	32,207,468	31,502,293				
Total Financial Assets at Fair Value	57,808,996	57,324,877				

There were no transfers between First Level and Second Level during the three-month period ending June 30, 2017.

- b. The fair value for financial assets and financial liabilities of the bank that are undetermined at fair value on an ongoing basis. Except as stated in the table below we believe that the book value of Financial Assets and Financial Liabilities that is shown in the interim condensed consolidated financial statements are approximately equal to its fair value due either to its short-term maturity or that interest rates are re-priced during the period.

	June 30, 2017		December 31, 2016		Fair Value Level
	Book Value JD	Fair Value JD	Book Value	Fair Value	
Financial Assets with undetermined Fair Value	381,768,481	382,079,790	81,695,162	81,695,162	Second Level
Balances at Central banks	283,799,788	284,307,947	333,854,252	334,003,608	Second Level
Balances at Banks and Financial Institutions	63,272,914	64,058,681	73,543,068	75,819,741	Second Level
Deposits at Banks and Financial Institutions	1,446,866,198	1,452,214,616	1,283,323,658	1,287,289,789	Second Level
Loans and Borrowings	293,166,401	296,259,023	336,223,295	340,634,436	Second Level
Financial Assets at Amortized Cost	9,336,000	9,336,000	13,476,000	13,476,000	Second & First Level
Total Financial Assets with undetermined Fair Value	2,478,209,782	2,488,256,057	2,122,115,435	2,132,918,736	
Financial Liabilities with undetermined Fair Value	480,484,104	483,000,490	358,957,094	362,133,334	Second Level
Banks and Financial Institutions Deposits	1,673,306,956	1,677,211,438	1,547,446,248	1,550,640,876	Second Level
Customer Deposits	48,092,008	48,092,008	81,476,847	81,476,847	Second Level
Margin Accounts	2,201,883,068	2,208,303,936	1,987,880,189	1,994,301,057	
Total Financial Liabilities with undetermined Fair Value					

For the above items, the fair values of financial assets and liabilities have been determined in accordance with the pricing models agreed upon, which reflect the credit risk of the parties they deal with.